

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: COMMUNITY COLLEGE

DATE: MAY 26, 2011

COMMITTEE MEMBERS PRESENT:

SUPERVISORS CHAMPAGNE
MCDEVITT
WOOD

COMMITTEE MEMBERS ABSENT:

SUPERVISOR MONROE
SOKOL

OTHERS PRESENT:

REPRESENTING ADIRONDACK COMMUNITY COLLEGE:

DR. RONALD HEACOCK, PRESIDENT
WILLIAM LONG, VICE PRESIDENT OF ADMINISTRATIVE SERVICES
BRIAN DURANT, INTERIM VICE PRESIDENT FOR ACADEMIC AND
STUDENT AFFAIRS
KEVIN RIELLY, CHIEF FINANCIAL OFFICER
ANN MARIE SOMMA, DIRECTOR OF BUSINESS AFFAIRS
KAREN MOSHER, ADMINISTRATIVE ASSISTANT
MEMBERS OF THE BOARD OF TRUSTEES
LAWRENCE PALTROWICZ, ATTORNEY
ROBERT JOY, JMZ ARCHITECTS & PLANNERS, INC.

PAUL DUSEK, COUNTY ATTORNEY/ADMINISTRATOR

DANIEL G. STEC, CHAIRMAN

JOAN SADY, CLERK OF THE BOARD

KEVIN GERAGHTY, BUDGET OFFICER

SUPERVISOR THOMAS

REPRESENTING WASHINGTON COUNTY:

KEVIN HAYES, ADMINISTRATOR

MEMBERS OF THE BOARD OF SUPERVISORS

JOANNE COLLINS, LEGISLATIVE OFFICE SPECIALIST

The joint meeting of Warren and Washington Counties Community College Committees was called to order at 1:32 p.m. in the Bishop Community Conference Center (BCCC).

Agendas were distributed to all Committee members, a copy of which is on file with the minutes.

Commencing the Agenda review, Dr. Ronald Heacock, State University of New York (SUNY) Adirondack President, introduced various members of the SUNY Adirondack Administration, Board of Trustees (BOT), and Student Housing Committee members.

Privilege of the floor was extended to William Long, Vice President of Administrative Services, who stated that approval of a ground lease for the construction of student housing would be needed from the sponsoring Counties in order to proceed with the necessary financial review by an investment banker. Selection of a contractor, he said, would be the next step which included the determination of the guaranteed maximum amount to be financed. Additionally, he said, the formation of a Limited Liability Company (LLC) would be necessary, to be associated with either the College's Foundation or the Faculty Student Association (FSA) in order to obtain tax-exempt revenue bonds. Mr. Long informed that the FSA had approved their partnership in the LLC yesterday; thereby necessitating the approval of the ground lease.

Summarizing the Student Housing Report, Dr. Heacock advised of student housing initiatives in other community colleges which had been successful and noted that he had not initially been in favor of the project until fully reviewing experiential data, which was clearly in the best interest of the College. He stated that banks required capacity (feasability) studies for such projects, and the Request for Proposal (RFP) had resulted in the selection of The Scion Group, who conducted the

study and reported the College's needs could support an 800 bed facility. He advised of the involvement of the BOT throughout all stages of the initiative and advised the next step was the development of a RFP which would include a team-based presentation for building & design, landscaping, financing, and management of the new facility. He said ten proposals were received and informational sessions which included the College Community were held. Mr. Long informed that two finalists had been selected and were currently under further review. The BOT, he noted, would select the contractor and the project would then proceed to matters of finance. Mr. Champagne pointed out the risk assessment required of lenders and Mr. Long stated that a guaranteed maximum amount to be financed would be determined and there was no financial responsibility required of the Counties. The fiscal responsibility, he expounded, lied with the newly formed LLC and the FSA. Mr. Long apprised that the College had entered into a contract with George K. Baum Investment Banking, at no initial cost, to obtain the revenue bonds. Mr. Long stated there was a market for Community College Housing projects for which George K. Baum Investment Banking had provided financing. Projects of this nature, he stated, were attractive to investors and the equity was in the building itself. Relative to the issue, Mark Bulmer, BOT Vice President, stated that the investment banker required that a reserve fund equal to one year of debt payments be established as a cushion to provide assurance for the investor. Responding to an inquiry from Mr. McDevitt, Mr. Paltrowitz advised that there was no legal basis by which the College could own the facility as the College was not the guarantor of the debt as it may relate to any attempt to levy payments. Mr. Hayes questioned the College's hypothetical involvement in the housing business in general and Mr. Paltrowicz stated there was nothing in education law which addressed the issue. Paul Dusek, Warren County Attorney and Administrator stated that government can only do what is expressly set forth by law. Dr. Heacock pointed out that the College was not eligible for housing construction aid; thereby causing the need to seek private funding. He added that there was an increasing trend for University's to seek private funding as State regulations often made the process prohibitive.

Mr. Bulmer explained the reason for involvement from the sponsoring counties was due to the fact that the Counties owned the land on which student housing would be built, and approval of a ground lease was the only involvement required by the counties. The length of the long-term lease, he said, at the minimum was typically the length of the term of the bond and usually longer based on the life of the building. Mr. Long noted that fifteen of the thirty Community College's in NY State offered student housing and approximately five had student housing initiatives in place. He apprised of the increased demand for on-campus housing and noted there was a waiting list at Herkimer Community College (HCC), a college which did not compare to SUNY Adirondack in terms of regional landscape and natural beauty. He asserted that SUNY Adirondack had one of most attractive markets in NY State and strategically, housing would maintain or increase enrollment. Mr. McDevitt asked Robert Joy, JMZ Architects & Planner, Inc., to comment on a preferential dorm design which best represented the demands of today's students and remained affordable. Mr. Joy noted The Scion Group's market study included survey results from current SUNY Adirondack students, market rental rates in the surrounding area, and the rental rate history of other Community College's. He reported the analysis evidenced a capacity for 800 beds and the College had conservatively reduced the number to a range between 400 and 500. He further explained the rental rate and style of housing were key factors and noted the success of suite arrangements. For those students seeking the full residential experience, he asserted, SUNY Adirondack would be a very attractive consideration. He added that summer rental income would be generated from the region's seasonal influx of various theater festival program participants as well as foreign students who find summer employment in the region. He added that student housing would offer internet service, meal plans, and an academic-year lease schedule; thereby making it the preferred option over off-campus housing.

Mr. Long articulated that findings indicated a demand for the full college experience, which included on campus housing. Dr. Heacock noted that four-year college tuition rates had become cost prohibitive with increasing debt loads for students and he anticipated interest from SUNY Adirondack's Plattsburgh branch campus students who were enrolled in four-year programs. Mr. Long articulated that in the event of excess revenue, it would be divided accordingly between the college and the LLC parent company which was the FSA, and the Foundation. Mr. Bulmer noted that it was the responsibility of the BOT to define a schedule for the allocation of excess revenues and monies would initially go into the reserve fund to be allocated in a manner which served the best interest of the college. Mr. Long stated that chargebacks would increase as enrollment from other counties increased which would be used for items such as; lab improvements in the Math and Science Departments, and technology related items. Some added responsibilities of student housing, he stated, would be the need for full-time security personnel as well as a campus nurse.

Motion was made by Mrs. Wood, seconded by Mr. McDevitt and carried unanimously to approve a ground lease for SUNY Adirondack to proceed with the student housing initiative.

With regard to the time line, Dr. Heacock stated the building would be fully operational for the Fall 2013 semester.

Mr. Thomas asked if a reserve fund would be established by the LLC in order to make the necessary building upgrades for the long term and Mr. Long replied affirmatively.

Responding to an inquiry from Mr. Champagne, Mr. Joy stated that the most favorable building materials would include a steel frame and concrete, as opposed to wood construction. The steel and concrete construction, he stated, was superior in terms of both safety and sound transmission. Dr. Heacock added that the building plans would also be presented to the Queensbury Town Zoning Board.

Addressing the 2011 - 2012 Operating Budget, Dr. Heacock advised that a request for a 3% increase would be presented to the counties this year. He reported a decrease of 20% in State Aid with students paying 50% of tuition and noted \$350,000 would be needed from the Fund Balance. Dr. Heacock informed that the BOT would review the budget at their next meeting scheduled for later today with anticipation of final budget approval in June.

Dr. Heacock informed that SUNY discussions were underway regarding a possible tuition cap of \$4,000 and he explained that the college had become increasingly tuition dependent; thereby making revenues largely enrollment driven.

Pertaining to chargebacks, Dr. Heacock stated that 36% of chargebacks were generated by students from Saratoga County. With flat local funding and the decrease in State funding, Dr. Heacock reiterated that students were paying a larger portion of tuition which ultimately lowered the chargeback total. Dr. Heacock advised that Kevin Rielly, Chief Financial Officer, studied various possible scenarios relative to enrollment, chargebacks and tuition rates.

Mr. Hayes reviewed the Community College Summary Report provided by the Washington County Treasurer for the period from January 1, 1999 to the present, as well as the chargeback Report, copies of which are on file with the minutes.

As there was no further business to come before the Community College Committee, on motion by Mr. McDevitt and seconded by Mrs. Wood, Mr. Champagne adjourned the meeting at 2:52 p.m.

Respectfully submitted,

Joanne Collins, Legislative Office Specialist